

Monetary Authority takes disciplinary action against TNG (Asia) Limited for contravention of Payment Systems and Stored Value Facilities Ordinance

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (December 18) that it had completed an investigation and disciplinary proceedings for TNG (Asia) Limited (TNG) under the Payment Systems and Stored Value Facilities Ordinance (Chapter 584 of the Laws of Hong Kong) (PSSVFO). The Monetary Authority (MA) has reprimanded and ordered TNG to pay a pecuniary penalty of HK\$1,575,000 for contravening section 8Q of the PSSVFO as it failed to fulfil the minimum criteria under sections 6(2)(b) (anti-money laundering and counter-terrorist financing measures) and 5(1)(d) (prudential and risk management) of Part 2 of Schedule 3 to the PSSVFO.

The disciplinary action (Note 1) follows an on-site examination and further investigation by the HKMA which found that:

1. during the period from February 2019 to mid-July 2020, TNG failed to have in place adequate and appropriate systems of control to ensure compliance with the relevant paragraphs of the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) for Stored Value Facility (SVF) Licensees (AML Guideline) (Note 2) regarding transaction monitoring;
2. during the period from August 2016 to August 2020, TNG failed to comply with the relevant paragraphs of the Guideline on Supervision of Stored Value Facility Licensees (SVF Licensees Guideline) (Note 3) as it did not have in place sound governance arrangement and effective risk management framework; and
3. during the period from August 2016 to August 2020, TNG failed to comply with the relevant paragraph of the SVF Licensees Guideline (Note 4) as it did not have a robust internal control system to promote effective and efficient operation and to enable prevention or early detection of irregularities.

In deciding the disciplinary action, the MA took into account all relevant circumstances and factors, including but not limited to:

1. the seriousness of the investigation findings;
2. the need to send a clear deterrent message to TNG and the industry about the importance of having in place (i) adequate and appropriate AML/CFT systems of control and (ii) appropriate risk management policies and

procedures for managing the risks arising from the operation of an SVF licensee;

3. TNG has taken remedial measures, some were at the request of the HKMA, to address the deficiencies identified by the HKMA and enhance its relevant systems of control; and
4. TNG has no previous disciplinary record and is co-operative in resolving concerns identified by the HKMA.

The Executive Director (Enforcement and AML) of the HKMA, Ms Carmen Chu, said, "Sound governance arrangement and internal control system, together with strong compliance awareness of management and staff members, are vital pillars of an effective risk management framework of SVF licensees. SVF licensees should make reference to, and provide adequate staff training on, the HKMA's relevant guidelines and circulars in adopting appropriate governance systems and internal controls to manage the risks arising from their operations."

Note 1: The disciplinary action is taken under section 33Q of the PSSVF0.

Note 2: Paragraphs 5.10 and 5.14 of the AML Guideline (October 2018 version).

Note 3: Paragraphs 3.2.1 and 4.2.1 (regarding governance arrangement and risk management framework) of the SVF Licensees Guideline (September 2016 version).

Note 4: Paragraph 4.3.1 (regarding internal control system) of the SVF Licensees Guideline (September 2016 version).